Statement

Under Five Mortality Rate

NFHS	YEAR	U 5MR (number of deaths per 1000 live births)
NFHS I	1992-93	109
NFHS II	1997-98	95
NFHS III	2005-06	74

Revival of HCL

*179. SHRI PENUMALLI MADHU: Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether it is a fact that Hindustan Cables Limited (HCL) is not able to carry out its operations due to lack of working capital;

(b) whether it is also a fact that in spite of many requests the Ministry of Communications is not providing any orders to HCL;

(c) if so, the reasons therefor;

(d) what are the reasons for non-payment of salaries and statutory dues to the employees of HCL; and

(e) the measures Ministry is contemplating to revive HCL?

THE MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI VILASRAO DESHMUKH): (a) to (e) Hindustan Cables Limited (HCL) Kolkata is a Central Public Sector Enterprise and has been making losses since 1996. It has units at Rupnarianpur (West Bengal), Hyderabad (Andhra Pradesh) and Naini (Uttar Pradesh). The production operations in all the units are suspended for the last six years due mainly to higher cost of production and steep fall in demand because of which the Company is facing severe financial crunch. Consequently, HCL is not able to carry out its operations and pay salary to its employees and has been dependent on budgetary support from Government for the same. Government has approved release of funds to HCL for payment of salary and statutory dues to its employees upto June, 2009. Inability of HCL to carry out its operations cannot therefore be attributed to lack of working capital only.

It is however, a fact that HCL is not getting orders from the PSEs of Department of Telecommunications. In response to a request made in September, 2004 by the Department of Heavy Industry to the Department of Telecommunication (DoT) for placing orders on HCL, DoT expressed its inability stating that HCL had an outstanding order of 18.4 lakh conductor kilometer cable which it has not been able to deliver despite having received an advance of Rs. 239.78 crore from Bharat Sanchar Nigam Ltd. (BSNL). It had become difficult for HCL to manufacture the main line product namely Polythene Insulated Jelly Filled Cable (PIJF Cable) and optical

Fibre cables, as even the variable cost of production (cost of raw materials, power and freight) was higher than the price of cable offered by BSNL.

HCL commissioned a techno-economic study through IIT Kharagpur which submitted its report in November, 2004. The study proposed diversification in unrelated and alternate products with an additional capital investment of Rs. 194 crore in two phases over a period of 5-7 years for modernization and up-gradation of equipment according to the diversification plan, over and above Draft Revival Scheme (DRS) of Rs. 1448 crore submitted by M/s SBI Caps the Operating Agency appointed by BIFR. IIT Kharagpur, in its report, had mentioned the names of the alternative products like power cables. The IIT study Report was discussed in the meeting of Board for Revival of Public Sector Enterprises (BRPSE) in September, 2006 and it was observed that in the absence of any detailed Feasibility Study about the demand of the product, the competition in the market place, the production capacities required for break-even level and the capacity of HCL to compete, a decision on the proposed strategy could not be taken.

On the recommendations of the BRPSE a fresh detailed techno-economic feasibility study of HCL was conducted by IIT, Kharagpur. The Report submitted in July, 2007 envisaged investment of Rs. 600 crore, cost of closure of Rs. 2860.61 crore and cost of revival as Rs. 2628.75 crore. The BRPSE considered this report on 9.1.2008 and resolved that the proposal, for all practical purposes, was a scheme for a new project and not a proposal for revival, hence it should be posed to an appropriate public sector or private sector party with a view to exploring the possibility of enlisting an interested party as a joint partner. It further recommended that if this process did not with meet any success, the administrative Ministry Should carry on with the only other option available, namely, complete disinvestment after cleaning up the Company's balance sheet. In pursuance of the recommendations of the BRPSE, it was decided to call for Expression of Interest (EoI) from Public Sector Enterprises for joint venture with HCL as a whole or with individual units. An advertisement calling for EoI was issued in July and August, 2008. Response was received from 6 CPSEs and HCL made the following short listing for JV formation:

(i) Rashtriya Ispat Nigam Limited (RINL)-wire rod mill and rolling mill for TLT in Hyderabad unit.

(ii) MMTC-world class state-of-the-art logistic park in Hyderabad unit.

(iii) Railtel-optic fibre cable in FOP, Naini.

Ministry of Commerce and Ministry of Railways, the administrative ministries of MMTC and Railtel, have since conveyed that the proposed JV would not be feasible for various reasons. So far as JV with RINL is concerned, the proposal is in an advanced stage of consideration.